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C O N F I D E N T I A L LIMA 002416

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E.O. 12958: DECL: 06/13/2016

TAGS: [PGOV](#) [PE](#)

SUBJECT: UNIDAD NACIONAL TO SUPPORT APRA GOVERNMENT BUT
REMAIN INDEPENDENT AND WATCHFUL

Classified By: Polcouns Alexander Margulies. Reason: 1.4(b/d).

¶1. (SBU) Summary: The Ambassador met with former presidential candidate Lourdes Flores of the Unidad Nacional (UN) coalition on 6/9. Flores said UN would work with the APRA government, but would remain independent and objective. Her focus has turned to municipal and regional elections where UN aims to consolidate its support in Lima. Flores indicated her coalition may distance itself from APRA in order to be critical, which would leave UN as a spectator and not a participant in an APRA government. End Summary.

¶2. (C) In a meeting with Ambassador Struble, Flores said the following:

The Political Landscape:

-- Flores said UN will support the APRA government but remain independent and watch APRA closely. Lourdes said her Partido Popular Cristiano (PPC) party got badly burned in 1980-85 by joining a coalition with President Belaunde's Accion Popular. Her party took a real hit to its popularity through identification with Belaunde, justifying a hands-off attitude towards APRA on this basis.

-- UN must win Lima in the November elections. It can then aspire to build outward from that base. Flores was confident that popular Lima Mayor Luis Castaneda's Solidaridad Nacional party would renew its commitment to the UN alliance. (Note: Rafael Rey, elected to the Andean Parliament as a UN candidate, withdrew his Renovacion Nacional party from the UN coalition on 5/17. On 6/9 Rey began accusing Castaneda of contracting irregularities in his administration. End Note.) Flores said she expects Rey will continue to give Castaneda problems, but it is unclear whether the accusations will have a great impact. Flores said Rafael Rey is honorable and honest but ambitious; he believes he is "on a holy mission". Though he has left the UN alliance, they still talk and she respects him. Flores said that she will try to convince Rey to run for President of the Lima region; he and Castaneda can then join forces rather than be at each other's throats. She opined however, that if APRA were to co-opt Rey, especially for Lima elections, this could be a problem for UN.

-- Flores said Rey's Renovacion Nacional group will probably stay in the UN congressional caucus as it takes six congressmen to form a bloc and Rey's party has only two.

-- The UN priority for November's regional elections will be to form alliances with regional movements outside of Lima. The UN goal is to win the Lima Region (which she believes is

likely) plus one other region - Ica or San Martin. Flores said that in San Martin, current congressman Arturo Maldonado, who did not run for re-election, might run on a regional ticket.

-- She acknowledged UN is not a superforce, but has a role to play representing the emerging lower-middle/middle class (not just in Lima).

-- Flores said if Ollanta Humala's party wins more than 10 regions there is real cause for concern as it will show that the country is truly divided. However, she added that in the longer term having regional governments that can't deliver could be a problem for Humala's party, given APRA's experience in Arequipa and Ayacucho. (Note: APRA regional presidents in Arequipa and Ayacucho were not able to pull in votes for Alan Garcia; Humala won both departments with 64 percent and 83 percent, respectively. End Note.) Flores said she was concerned about opportunists (including leftists) joining the Humala bandwagon.

Garcia:

-- She said Garcia must walk the fine line of giving some ministerial jobs to his APRA base but also including other parties. Flores said though no offers have been made, UN would not accept a ministry, since it must remain independent from an APRA government. She noted current UN congressman Antero Flores-Araoz would be interested in the Prime Minister position, but the PPC strongly opposes such a role; this may become a divisive issue. She said technocrats close to the UN could work in an APRA government, but could not accept political appointments.

-- She said the risk with Garcia is his tendency to throw money at problems when he is unpopular or under pressure - popularity motivates him.

-- Flores congratulated Garcia by phone, but they only spoke for 3 minutes with a promise to talk more later.

The Congress:

-- Flores said UN Lima congressman-elect Javier Bedoya will be the UN Congressional spokesperson.

-- She expects the UPP congressional delegation to eventually fragment.

--Flores said Alvaro Gutierrez (Union por el Peru, UPP Congressman-elect for Arequipa) called her to say that UPP would support UN for the Presidency of Congress. She declined, remarking to us that she thinks APRA is entitled to have that position. (Comment: This offer shows that UPP is maneuvering to create problems for Garcia by attempting to have the opposition seize control of Congress from the outset. End Comment.)

-- UN plans in Congress are to generally back APRA, support fiscal responsibility, and oppose violence/Humala irresponsibility. She saw early action on education, health, and tax reform as possible if pushed by APRA. She said the south needs immediate help, and it needs to be more than offers of credit; the south needs technical assistance.

-- Flores expects APRA to seek a multi-party congressional leadership slate with APRA in the Presidency. She said APRA and the Fujimorista Alianza para el Futuro may form a block of 40-50 votes to manage Congress.

The Peru Trade Promotion Agreement (PTPA):

-- Flores agrees with our take on Garcia's PTPA perspective, to wit Garcia supports the PTPA when it comes down to it, but will pick at some of the details.

-- Flores noted a Peru Society for Foreign Trade (COMEX) internal poll of Congressmen that showed the PTPA would pass

with the current Congress.

13. (C) Comment: Flores was much less forward-leaning about the relationship UN is prepared to have with APRA/Garcia than in her April meeting with the Ambassador. This is worrisome because it has been accompanied by a couple of public digs at APRA that will estrange relations. If UN plays its cards wrong, it will lose a voice in ensuring that regulatory agencies are headed by competent and independent technocrats.

Moreover, it will force Garcia to look left for support (to groups that splinter off of the Peruvian Nationalist Party/UPP bloc), which could drive politics in a more populist direction. We will keep pushing UN to engage constructively with APRA. End Comment.

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